



Postal Regulatory Commission
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Comments of: Timothy Lee, Senior Vice President of Legal and Public Affairs
Center for Individual Freedom (CFIF)
Before the: Postal Regulatory Commission Washington, DC 20268-0001
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Docket No: RM2017-3

Comments of Center for Individual Freedom to the attention of the Postal Regulatory Commission Commissioners:

As non-profit organization seeking to foster intellectual discourse and citizen action on issues affecting constitutional rights and freedoms, the Center for Individual Freedom (hereinafter "CFIF") emphasizes the ongoing value of strong structural protections to constrain and disperse governmental authority in order to prevent potential overreach and abuse.

In that vein, CFIF asserts that the United States Postal Service ("USPS"), as a government-chartered entity, must continue to derive and exercise its fundamental operational powers and directives through legislation enacted by Congress and affirmed by the President. More specifically, Section 39 U.S.C. 3622(d)(3) of the Postal Accountability and Enhancement Act ("PAEA") instructs the Commission to conduct an analysis of postal rate regulation 10 years following the enactment of the Act.

The subsequent Notice of Proposed rulemaking, presented by the Commission and determined through unduly limited postal data, however, calls for historic increases in rates that must be subject to approval by Congress. As a government entity that combines numerous products and services, the USPS maintains a broad financial portfolio to examine. In the Postal Service's market dominant domain, some products face no lawful substitutes (e.g. letters and post cards), while some package products (such as various USPS flat rate boxes) can face private market competition. In 2017, these services contributed over \$14 billion in Total First-Class Domestic-Mail profits, thereby demonstrating clear efficacy of the rate structures that USPS has applied.

Other products, however, have been subject to the Commission's scrutiny for failure to cover costs. Products such as Inbound Letter Post, and Marketing Mail Flats and Parcels have required costs that exceed their total earnings by hundreds of millions dollars. While demonstrated value in obtaining key financial information on a product-by-product basis exists, it is incongruous that services designated as "Competitive" are exempt from thorough reporting on attributable costs and revenue.

For a government agency, any instance of omitting transparency of financial health and potential exposure of federal assets is simply irresponsible. For that reason, the Commission's proposal for across-the-board rate increases for five consecutive years lacks sound justification. The Commission has not comprehensively demonstrated a command of exactly which USPS products have suffered from suboptimal pricing structures.

Given the apparent successes of market dominant revenue generation, CFIF encourages the Commission to directly address the first and primary objective of the PAEA – "to maximize incentives to reduce costs and increase efficiency."

Before concluding that rate increases are essential, the Commission must pursue an exhaustive effort in coordination with the Postal Service to report its cost growth per product and ultimately dissect cases where expenses may outweigh the benefits that they contribute.

It is essential for the Commission and USPS Leaders to recognize that success and sustainability for the Postal Service are rooted in agency's original mail delivery directives.

Sincerely,

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